



IFRS Readiness Tracking Survey

October 2010

Survey Background

■ Semi-annual survey

- Conducted 9/7 through 9/27, 2010
- 1620 responses – 1412 qualified (BI or Public Practice member)
 - 193 from US Public Companies
 - 225 from US Private Companies
 - 36 from Foreign Public Companies
 - 125 from Foreign Private Companies
 - 37 from Not for profit or educational institutions
 - 877 from Public Practice

■ In addition to tracking questions, contains a number of questions unique to this survey

■ Measures members readiness to implement IFRS

■ Provides information on their views surrounding other issues related to IFRS adoption

Key Messages from IFRS Readiness Survey

October 2010

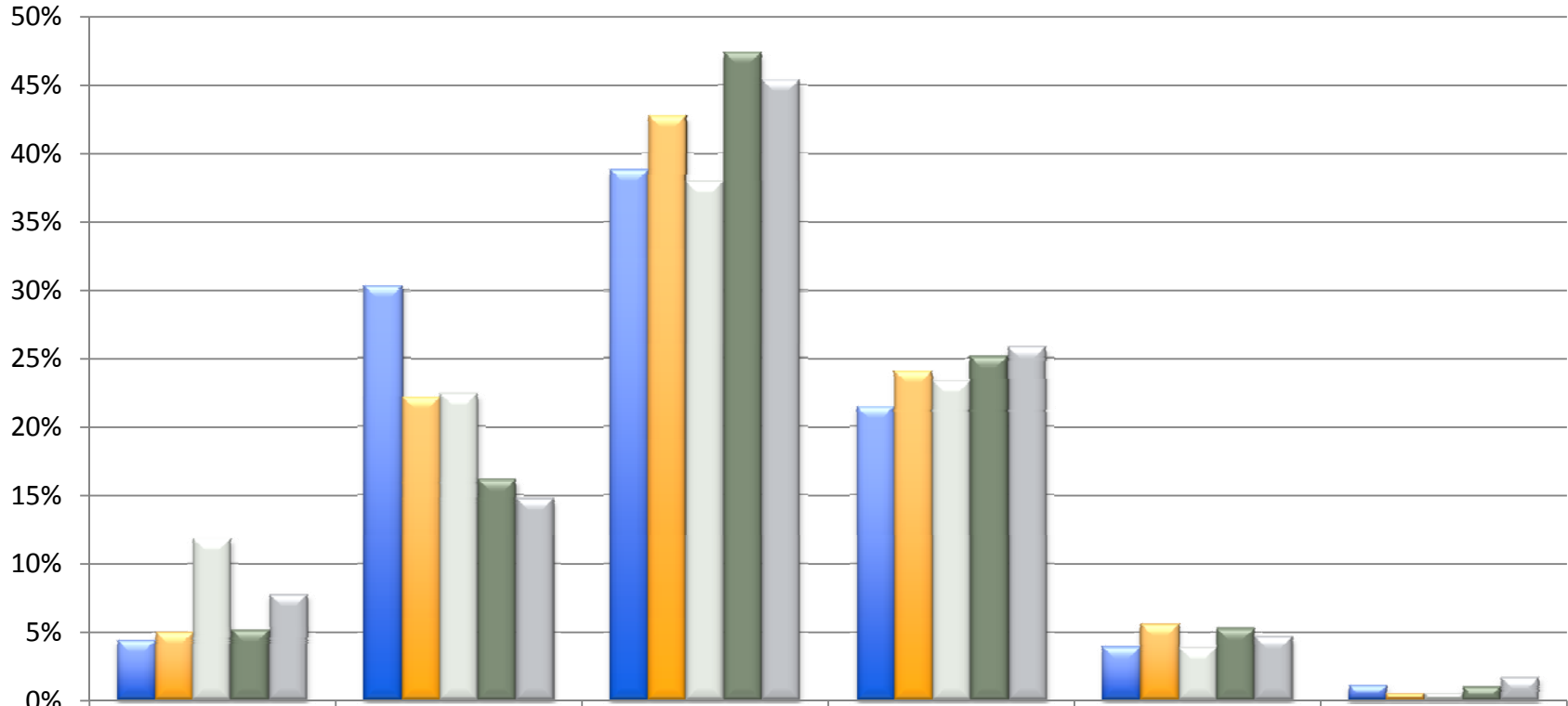
- **Movement toward IFRS has been on hold since May 2010**
 - Familiarity with IFRS has remained stable since May 2010
 - The number of companies and firms preparing for adoption or ready for adoption remained about the same.
- **Respondents indicated they are delaying implementation while waiting for SEC action**
- **Members support adoption of IFRS, although more convergence is desired first**
 - Members believe a 2015-2016 adoption date would allow enough time for implementation, if the SEC decides in 2011 to require IFRS
- **Only about half of respondents were aware of IFRS for SMEs**
 - In addition, 47% said they were unsure if they would consider adopting IFRS for SMEs
- **Members are about even spread between those who think that the pace of change for convergence is too fast, about right or are unsure. Few think it is too slow.**

Key Messages from IFRS Readiness Survey October 2010 (cont'd)

- **Half of members will wait for final standards on revenue recognition and leases to be issued before studying the implications for their companies or clients.**
- **Large majority (83%) believe standard setters should allow for extended mandatory effective dates for major convergence projects**
 - 43% say at least 2 years will be needed
 - 36% say more than 2 years will be needed

Current Familiarity with IFRS

All Members

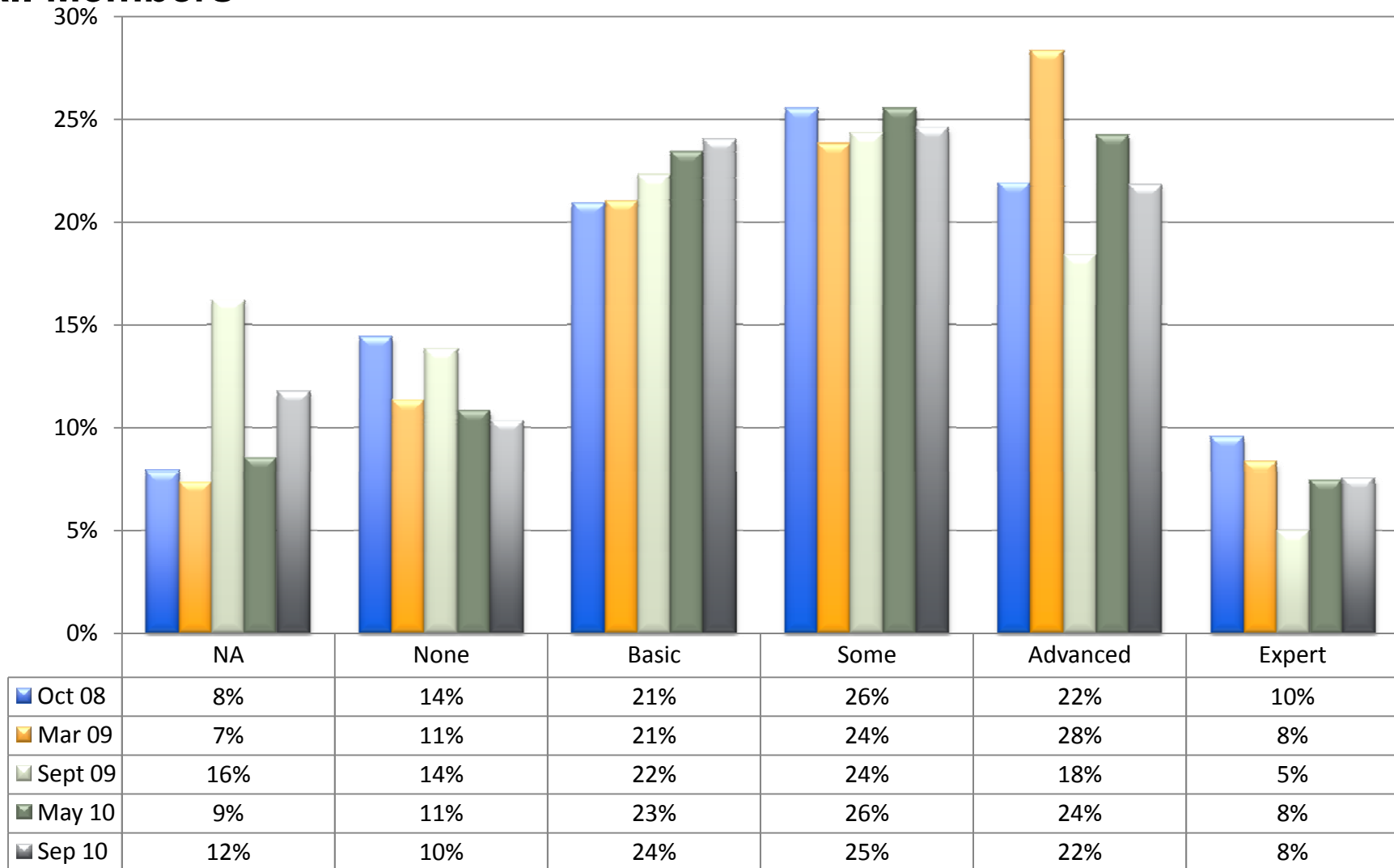


	NA	None	Basic	Some	Advanced	Expert
Oct 08	4%	30%	39%	21%	4%	1%
Mar 09	5%	22%	43%	24%	6%	1%
Sep 09	12%	22%	38%	23%	4%	1%
May 10	5%	16%	47%	25%	5%	1%
Sep 10	8%	15%	45%	26%	5%	2%

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Needed Familiarity with IFRS

All Members

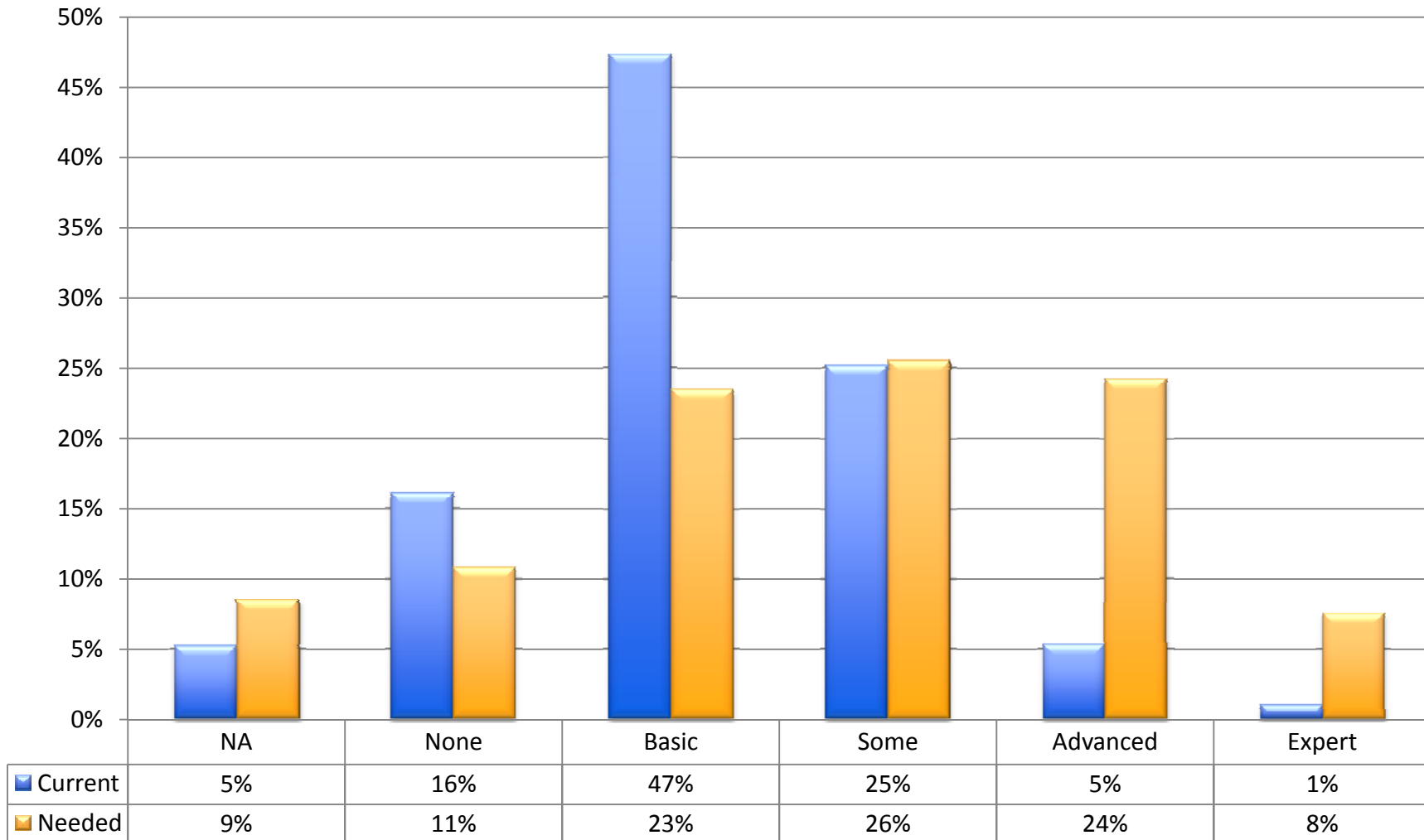


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Familiarity with IFRS

Current vs Needed

All Members

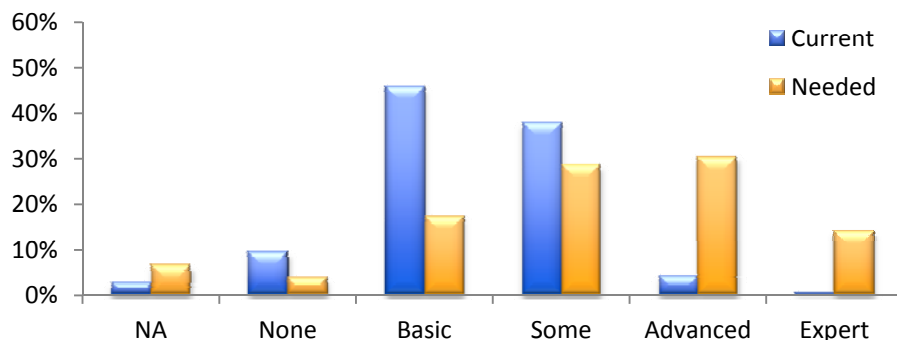


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Familiarity with IFRS

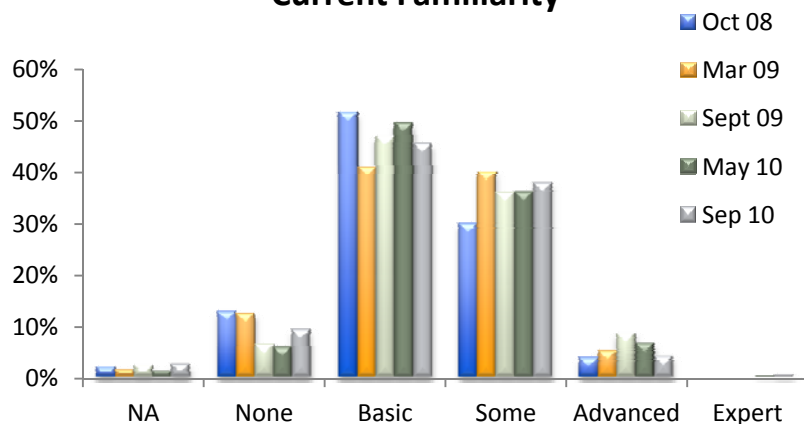
US Public Co Members

Current vs Needed

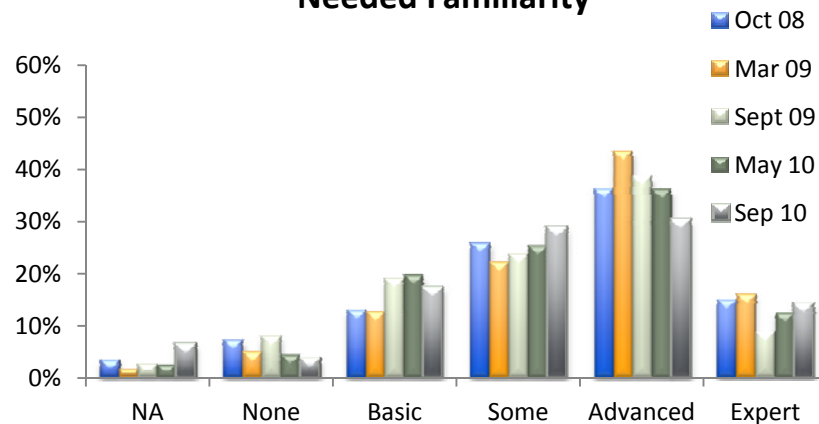


- A fairly large gap still exists between the level of familiarity public company respondents have and what they believe they need
- However overall familiarity of the members has remained fairly stable
- Expectations for Needed Familiarity are also fairly stable

Current Familiarity



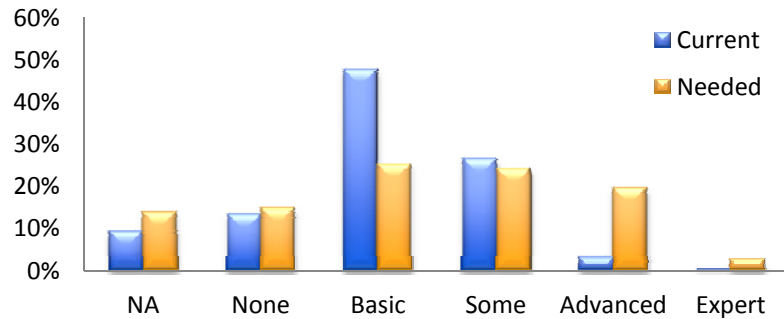
Needed Familiarity



Familiarity with IFRS

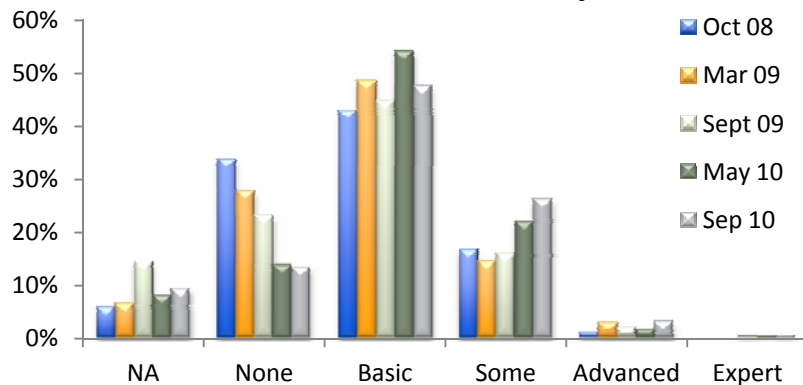
US Private Co Respondents

Current vs Needed Familiarity

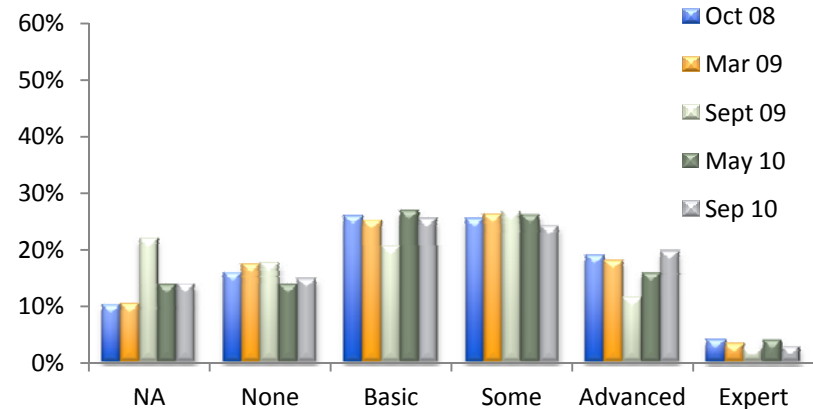


- Members who work for US Private Cos generally have less familiarity with IFRS than they need
- However familiarity has been growing consistently since October 08
- Members expectations for what they think they will need show a small increase in the level of advanced knowledge required

Current Familiarity



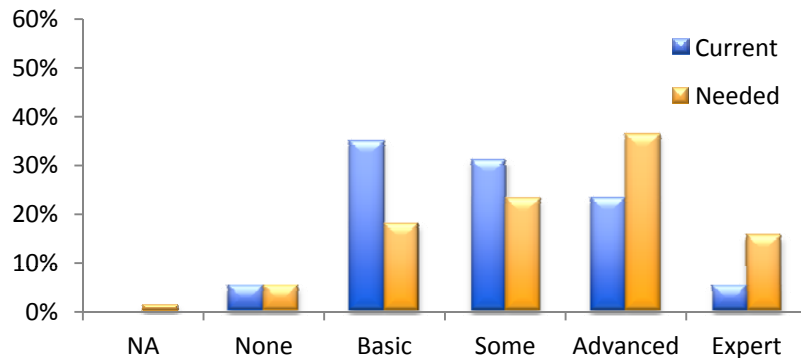
Needed Familiarity



Familiarity with IFRS

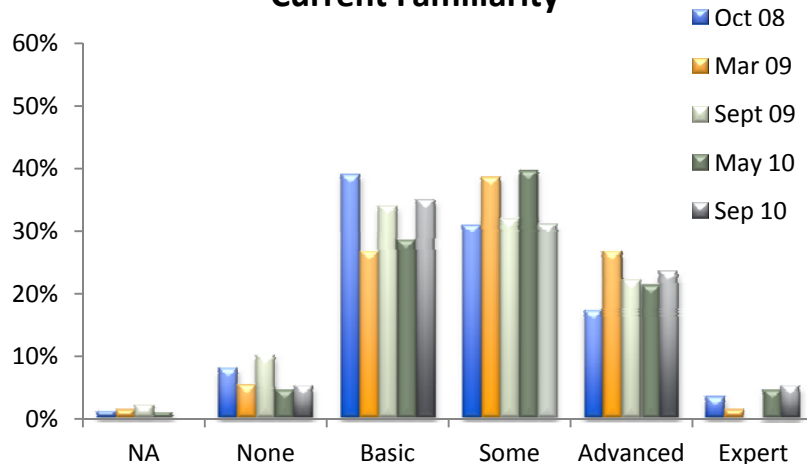
Foreign Owned Co Members

Current vs Needed

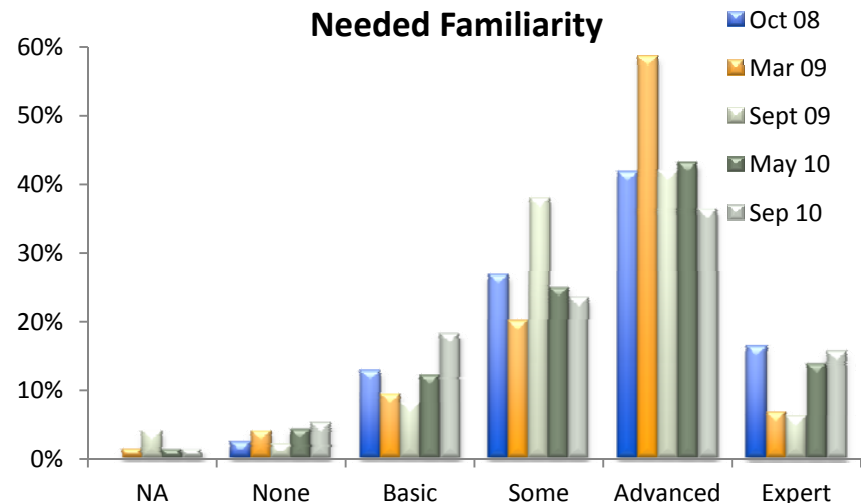


- Like their US counterparts members who work for Foreign companies generally have less familiarity with IFRS than they need but the gaps are smaller
- However current familiarity has remained fairly stable since Oct 08
- Responses on familiarity needed have also remained fairly stable.

Current Familiarity



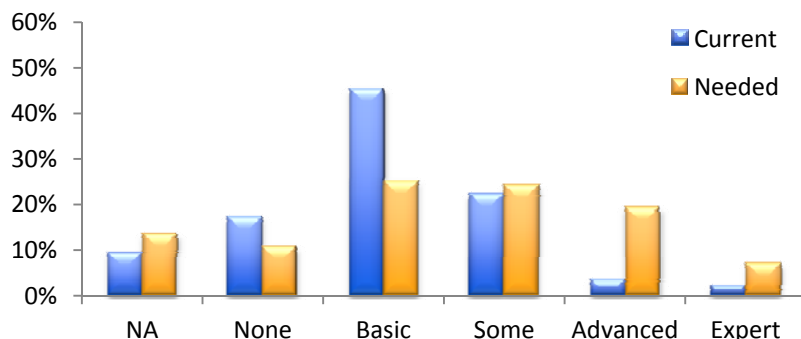
Needed Familiarity



Familiarity with IFRS

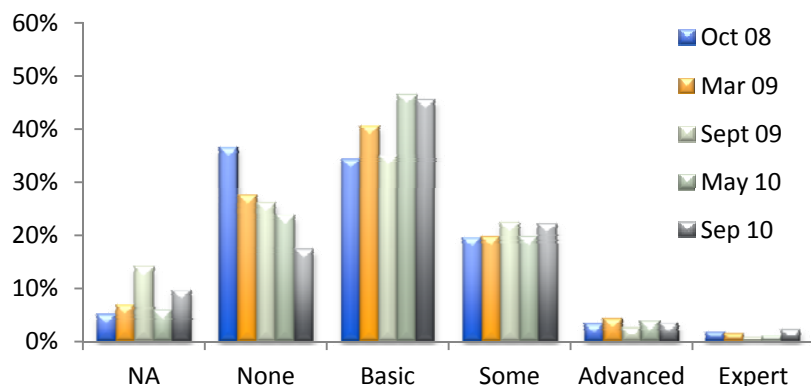
Public Practice Members

Current vs Needed

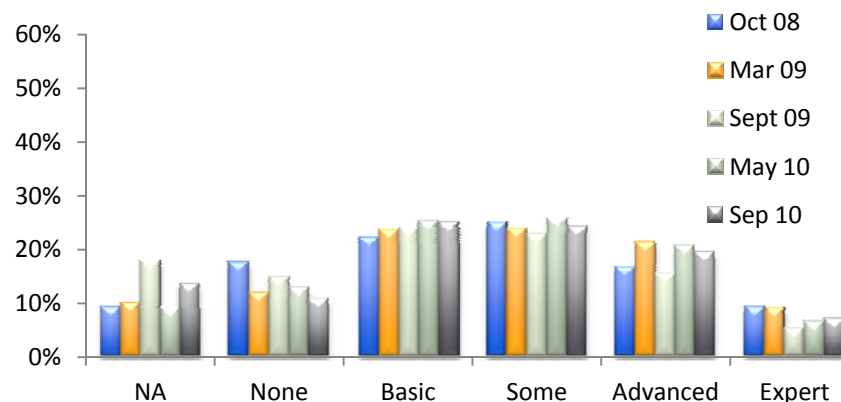


- Members who work for Public Practice continue to have less familiarity with IFRS than they need
- The percentage of members with at least basic familiarity has stabilized
- Members expectations for what they think they will need have remained stable

Current Familiarity



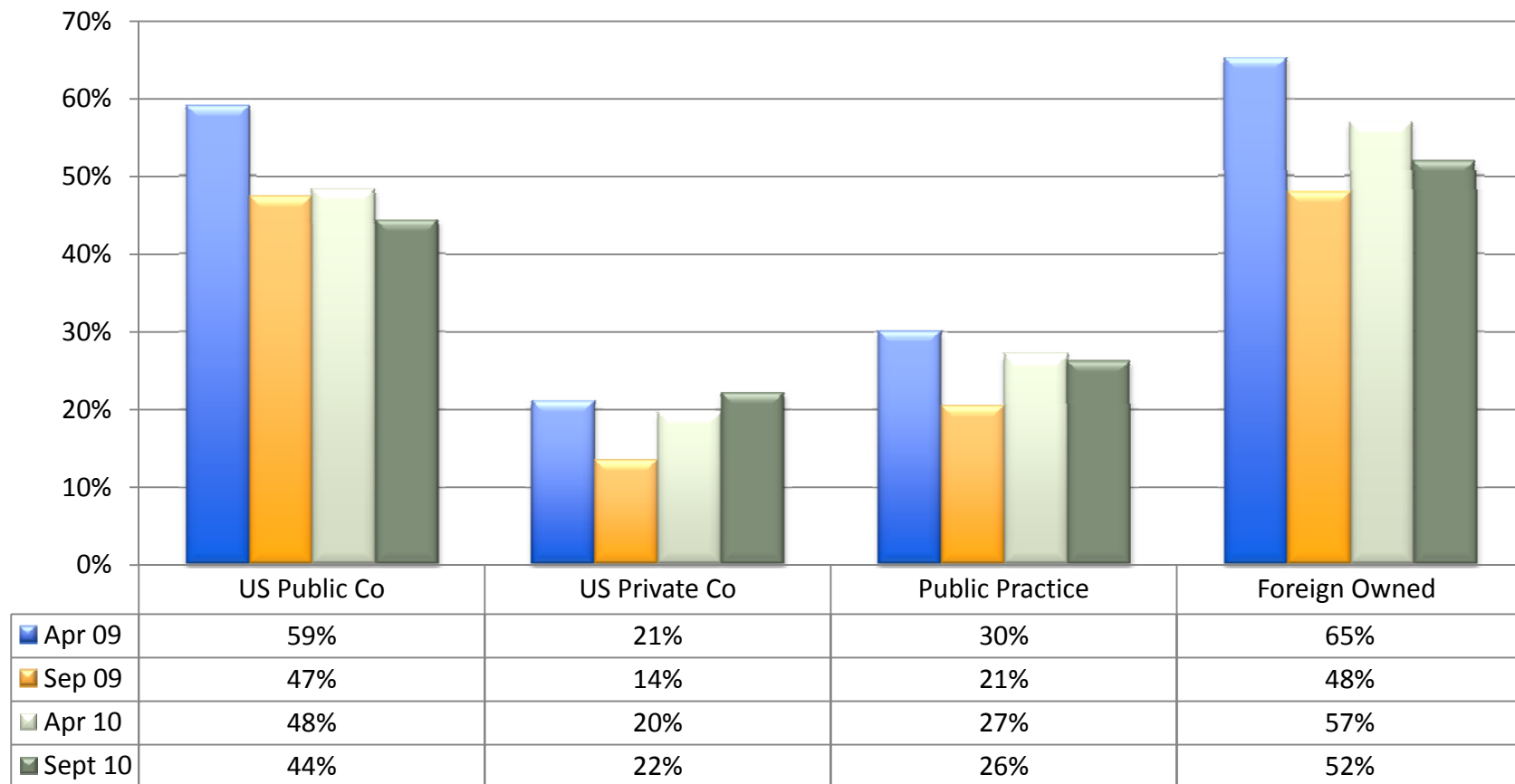
Needed Familiarity



Who Needs Advanced & Expert Knowledge of IFRS?

By type of organization

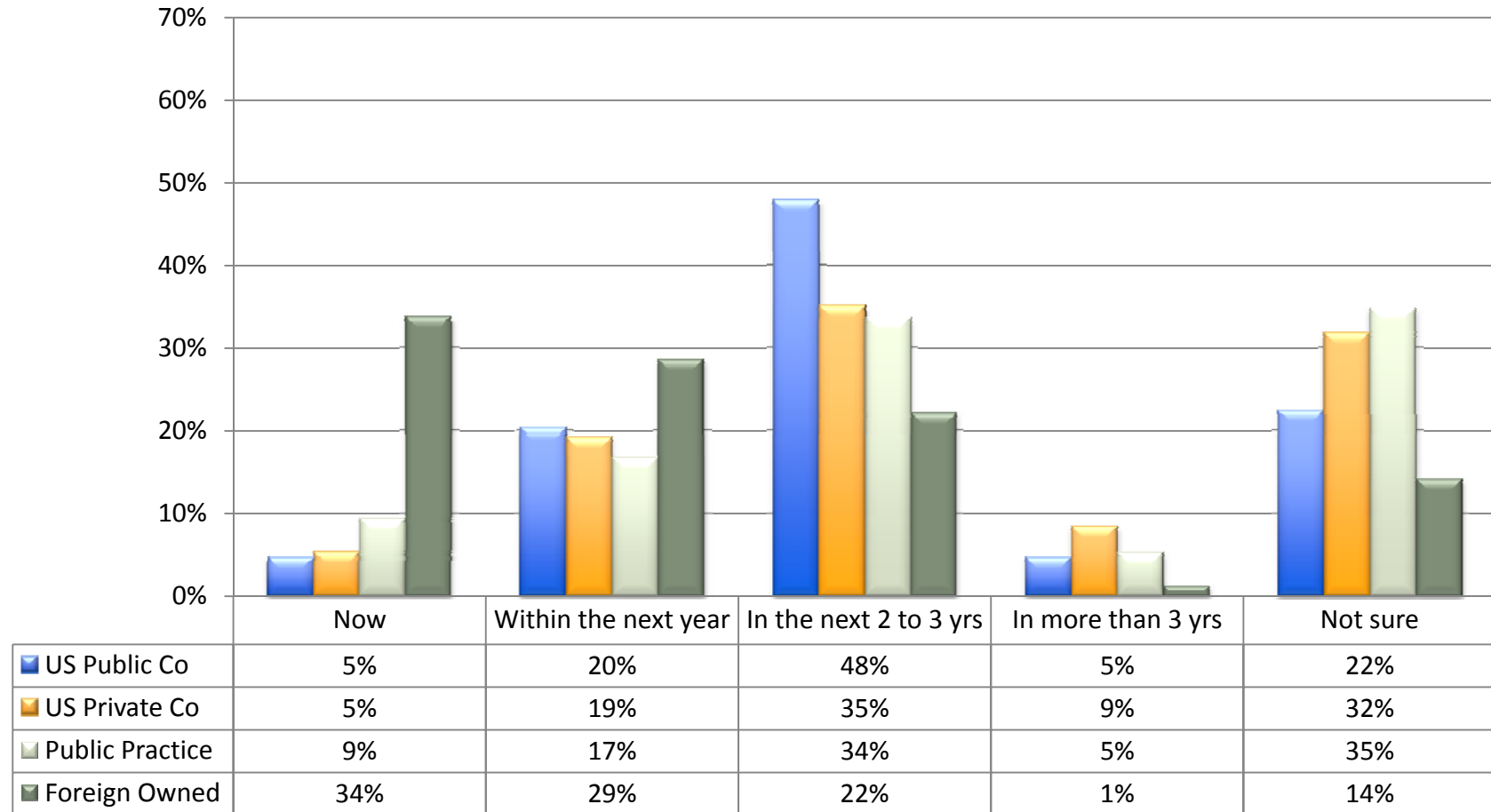
Percent that need Advanced or Expert Knowledge



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When is IFRS knowledge Needed?

By type of organization

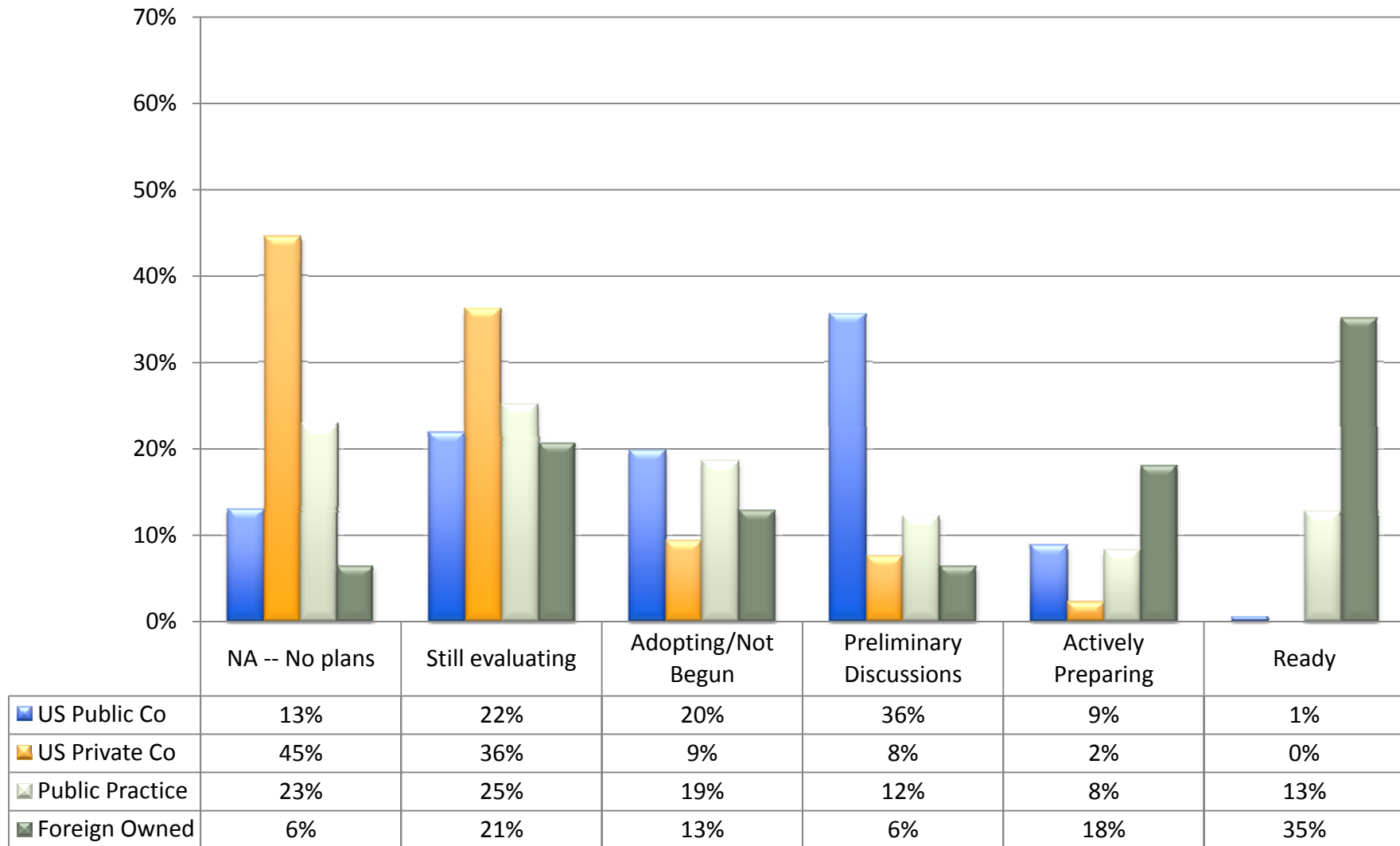


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Prepared to Adopt?

By type of organization

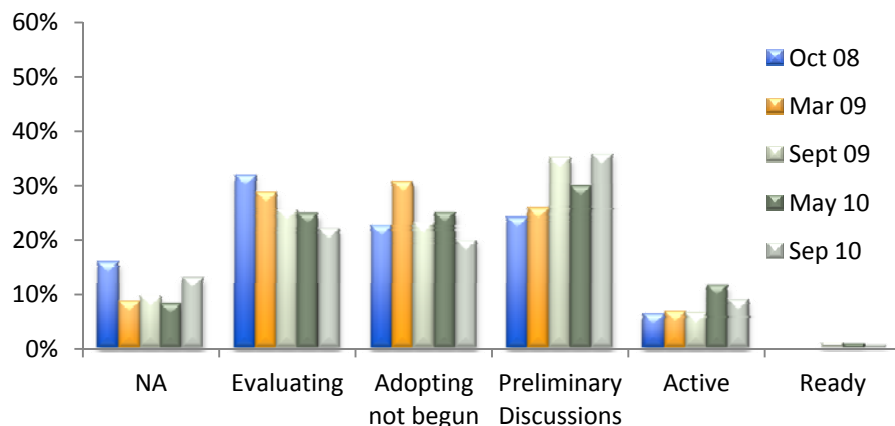
Please rate the extent to which your company (firm) is prepared for IFRS adoption



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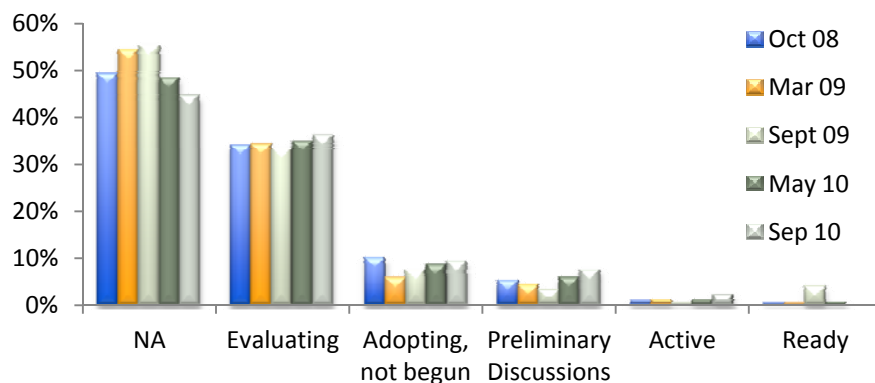
Prepared to Adopt/Support Adoption?

US Public Companies

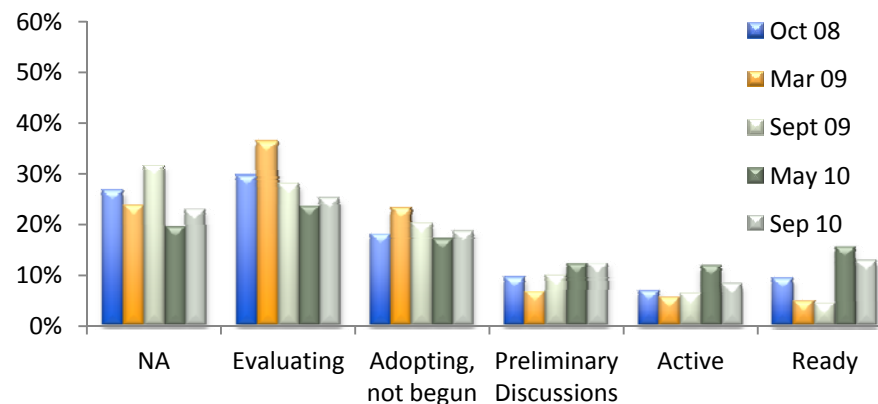


- US Companies have been moving slowly out of the evaluation phase
- US Private Companies are still not planning to adopt or only in early stages
- Most public practice firms are still not prepared for IFRS adoption but there has been an increase in the number of respondent who indicate their firm is ready

US Private Companies



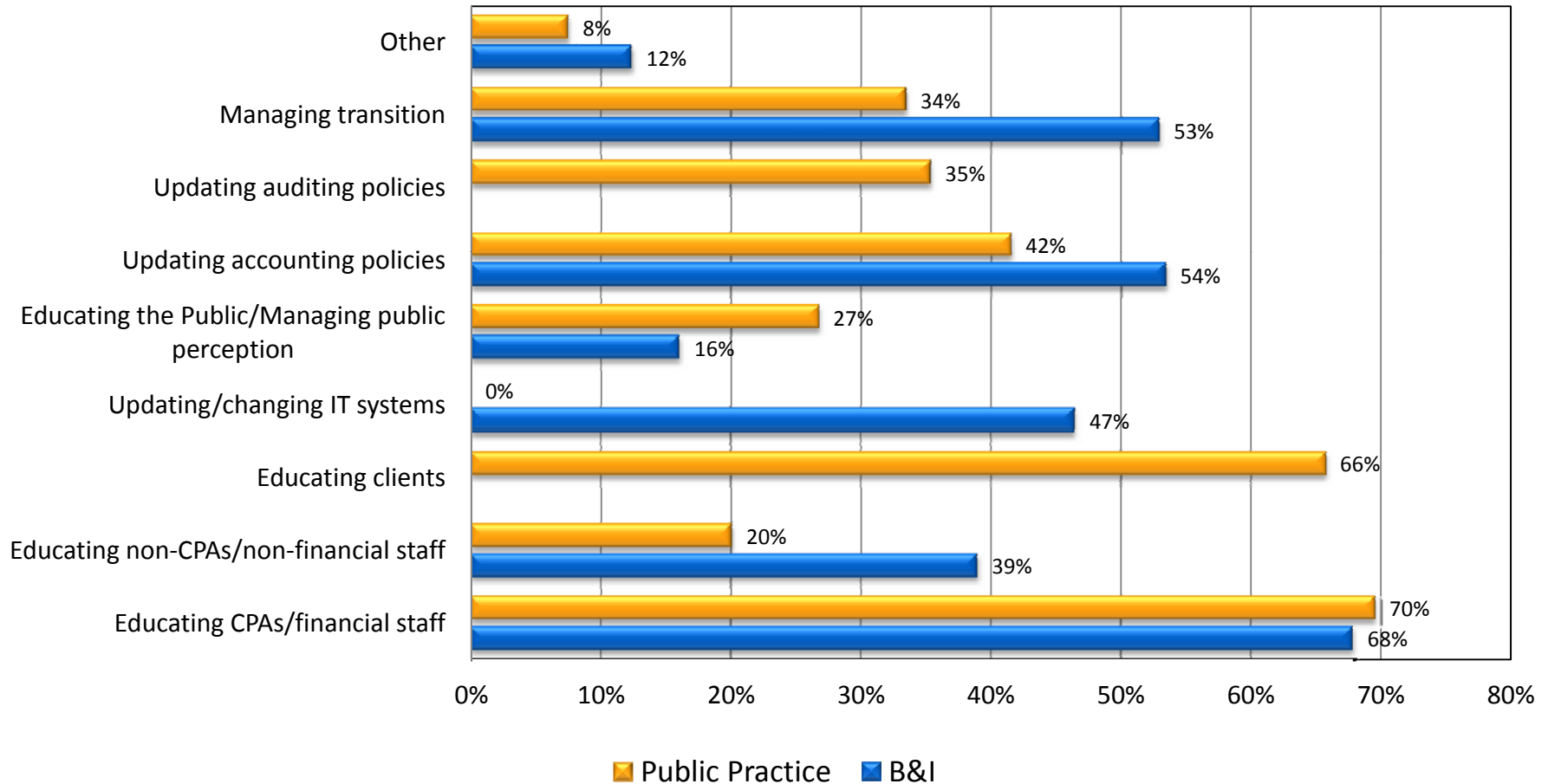
Public Practice



IFRS Implementation Challenges

All Members

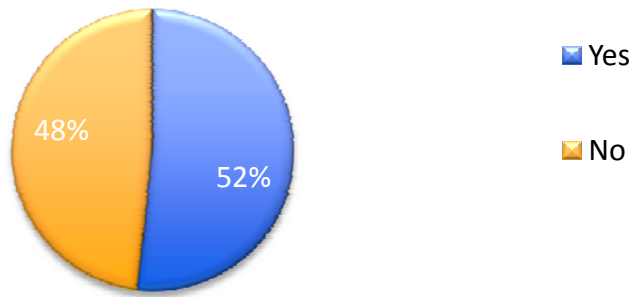
What are the largest challenges that implementing IFRS has presented/will present to your firm/company? (Select all that apply)



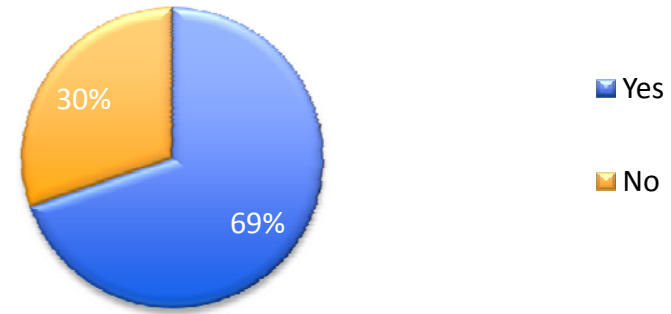
Awareness of IFRS for Small & Medium-sized Entities?

Are you aware that the IASB issued an International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), which is a simplified, self-contained set of accounting standards designed to meet the financial reporting needs of constituents of private entities?

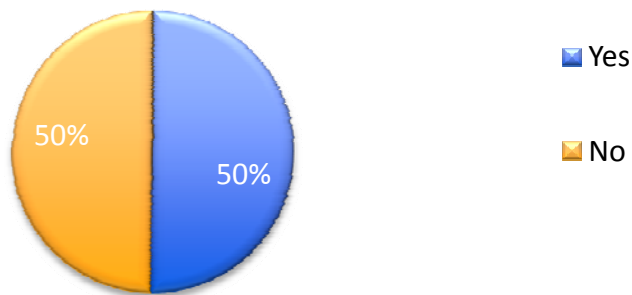
US Public Companies



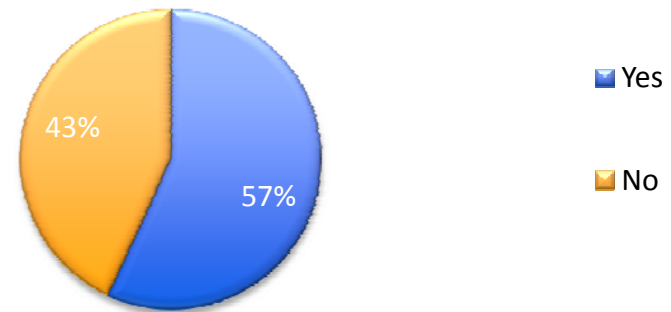
Foreign-owned Companies



US Private Companies



Public Practice

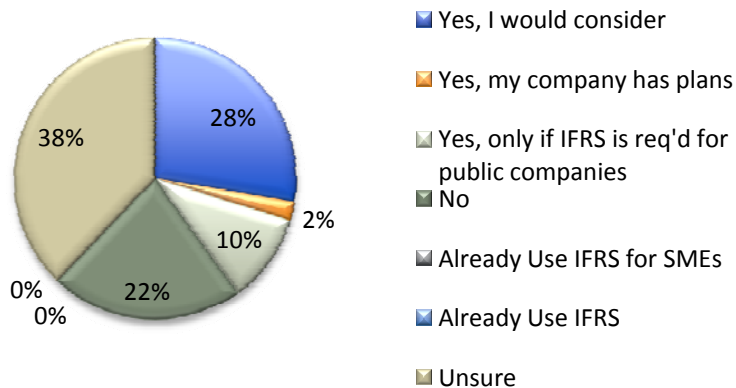


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Adopt IFRS for SMEs?

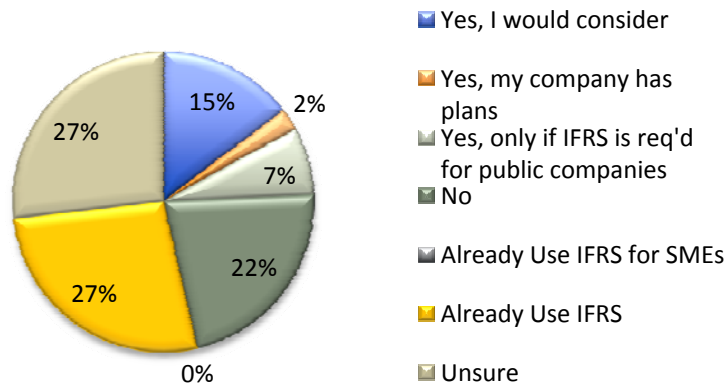
Would you consider adopting/would you advise your clients to consider adopting the IASB's recently issued IFRS for Small and Medium-sized entities?

US Private Companies

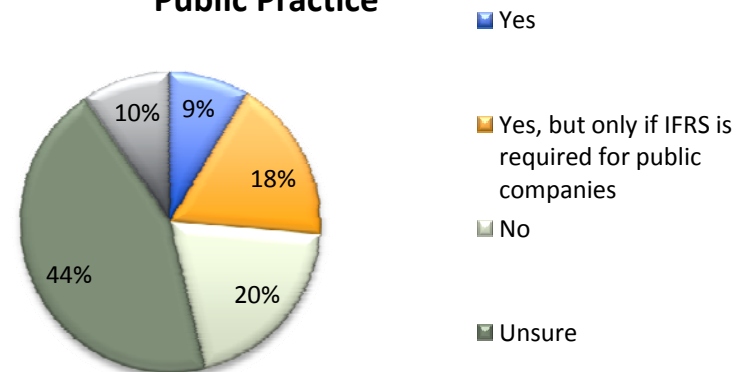


- Over one third of respondents working for US private companies would consider IFRS for SME's but 22% would not and another 38% are unsure
- Less than one third of public practice respondents would recommend IFRS for SME's but almost half are unsure
- Respondents working for foreign companies are about evenly spread between those already using IFRS, those that would consider it, those who wouldn't and those who would consider it.

Foreign-owned Private Companies



Public Practice



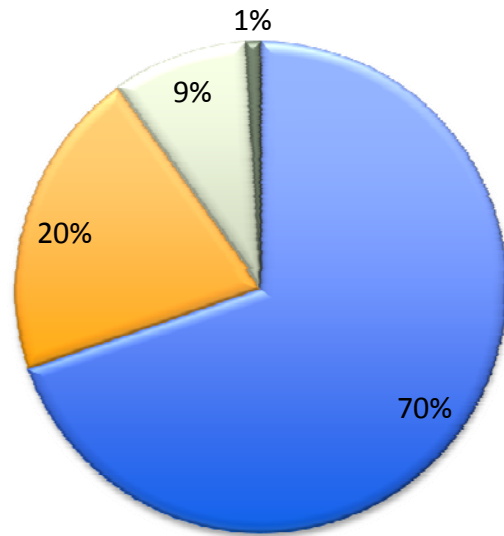
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Convergence

Are you aware that the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) have reaffirmed their commitment of achieving accounting convergence and have agreed to intensify their efforts to complete major joint projects described in their Memorandum of Understanding by 2011?

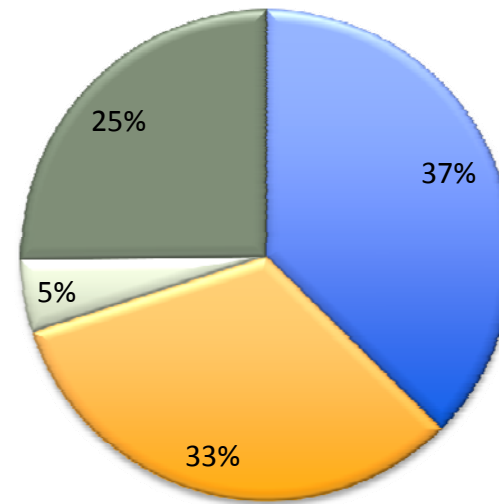
By the end of 2011, FASB and IASB plan to complete major convergence projects outlined in their Memorandum of Understanding and issue several new accounting standards codification updates and IFRS amendments. What is your opinion about the pace of change?

Commitment of Achieving Convergence



■ Yes ■ No ■ Unsure ■ Other

Pace of Change



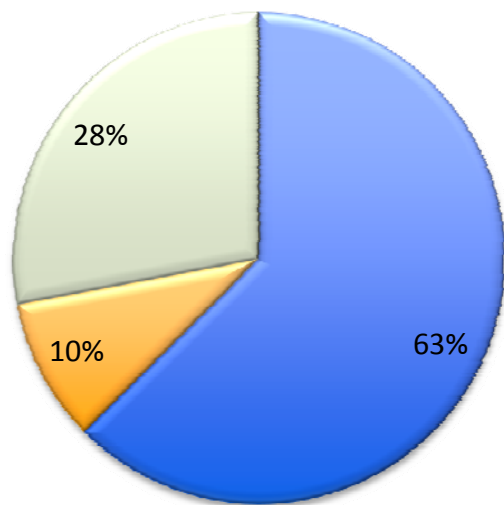
■ Too fast ■ About right ■ Too slow ■ Unsure

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SEC Decision on IFRS

If the SEC makes a decision in 2011 to require or permit use of IFRS for public companies, it believes the first time U.S. companies would report under the system would be 2015 or 2016. Do you believe this timeline will allow enough time for implementation?

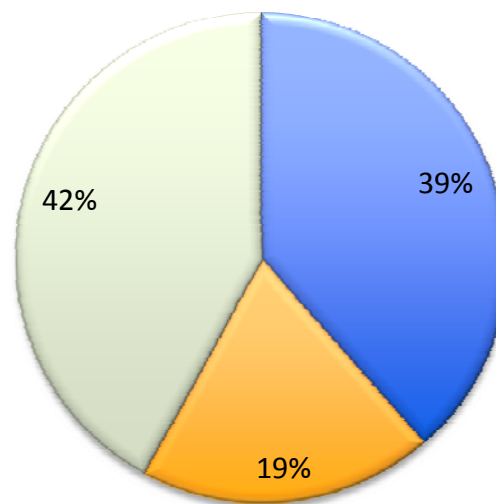
Timeline



■ Yes ■ No ■ Unsure

Are you delaying IFRS preparations until the SEC announces that it will set a date certain for its adoption in the United States?

Length of time needed



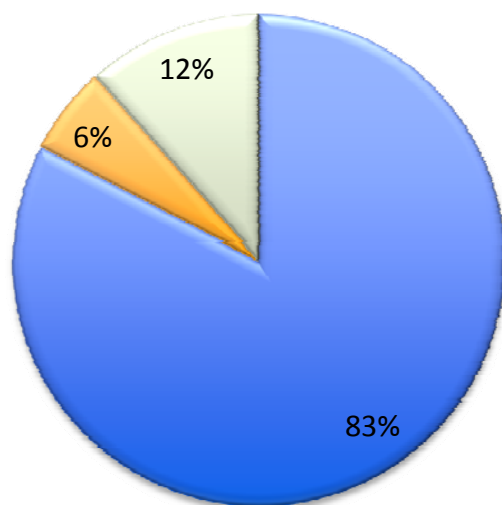
■ Yes ■ No ■ Not applicable

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Time for convergence

Given the fact that the FASB and IASB plan to complete their major convergence projects in 2011, do you believe the boards should allow for extended mandatory effective dates to allow sufficient time to implement the standards?

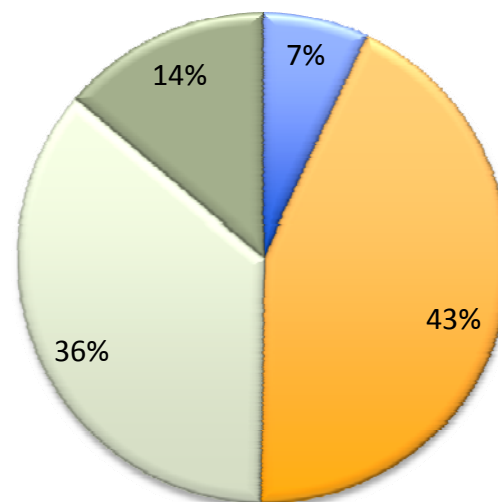
Extended mandatory effective dates?



■ Yes ■ No ■ Unsure

How long of an implementation period do you believe will be needed to adopt the new standards?

Implementation period length



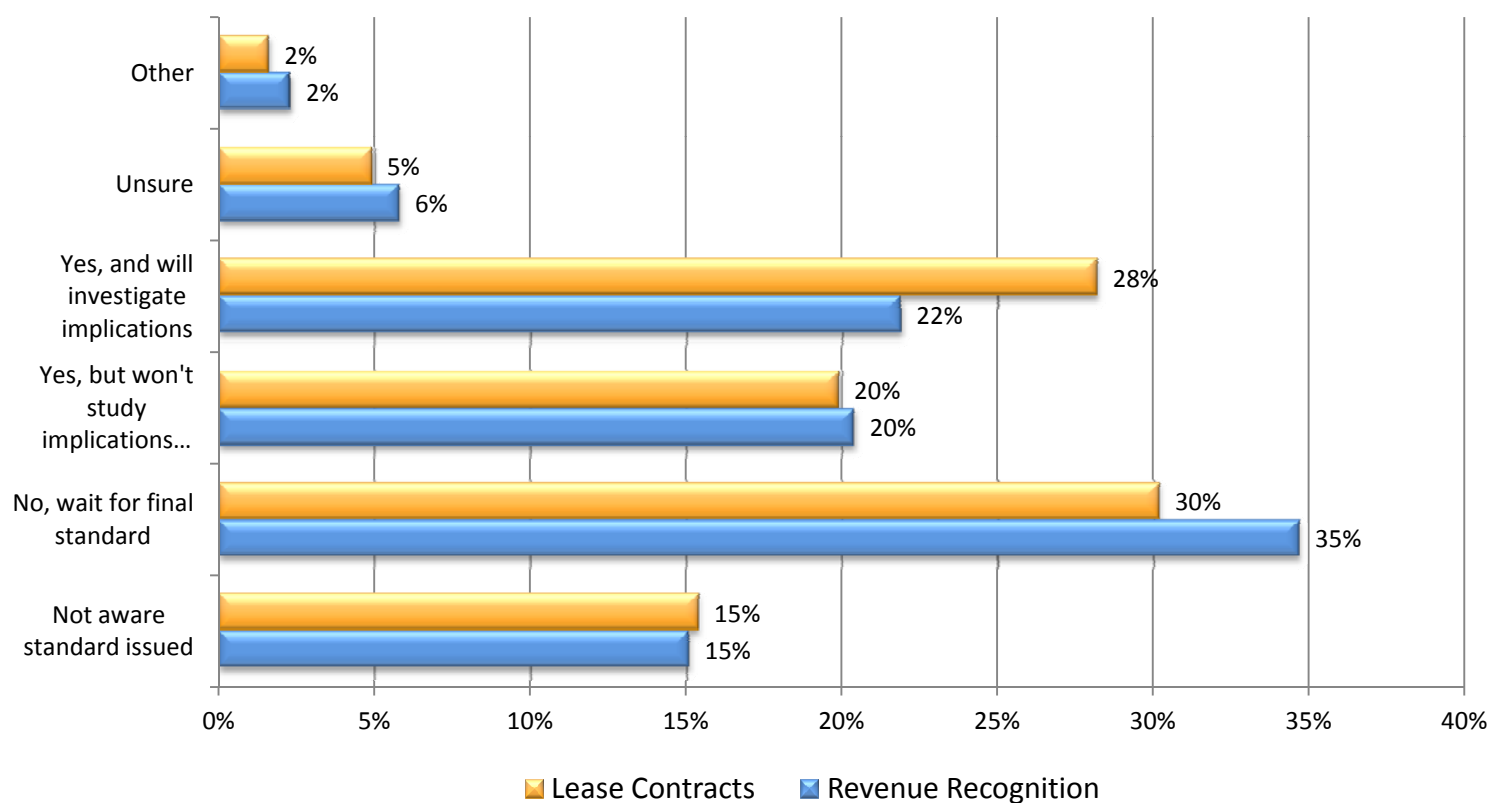
■ 1 year ■ 2 years ■ More than 2 years ■ Unsure

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Exposure drafts

On June 24, 2010 the U.S. FASB and IASB issued an exposure draft for a proposed standard on **Revenue Recognition: Revenue from Contracts with Customers**. Have you or do you plan to read the proposals outlined in the exposure draft?

On August 17, 2010, the U.S. FASB and IASB issued an exposure draft for a proposed accounting standard to improve the **financial reporting of lease contracts**. Have you or do you plan to read the proposals outlined in the exposure draft?

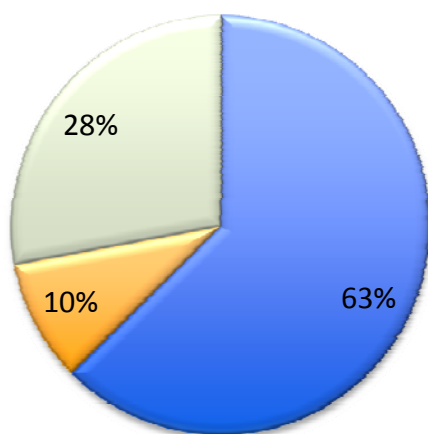


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SEC Decision on IFRS?

If the SEC makes a decision in 2011 to require or permit use of IFRS for public companies, it believes the first time U.S. companies would report under the system would be 2015 or 2016. Do you believe this timeline will allow enough time for implementation?

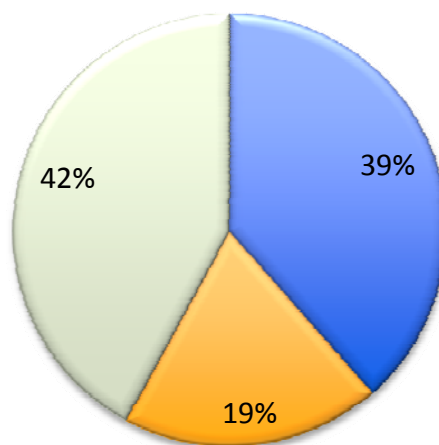
Implementation Timeline Allow Enough time



■ Yes ■ No ■ Unsure

Are you delaying IFRS preparations until the SEC announces that it will set a date certain for its adoption in the United States?

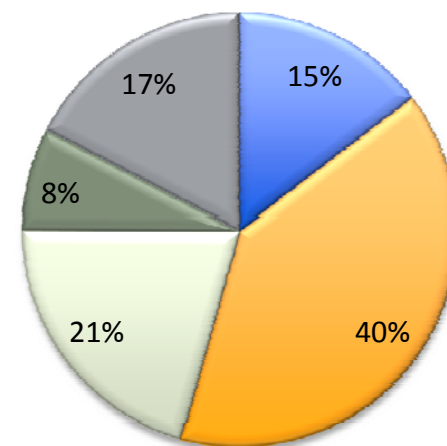
Delaying IFRS Preparations?



■ Yes ■ No ■ Not applicable

On February 24, 2010 the SEC outlined a work plan for the continued consideration of whether and how to incorporate IFRS into the U.S. financial reporting for U.S. issuers. The work plan contemplates a 2011 decision on whether to require or permit IFRS. Do you believe ultimately the SEC should require adoption of IFRS for U.S. public companies?

Should IFRS be Required?

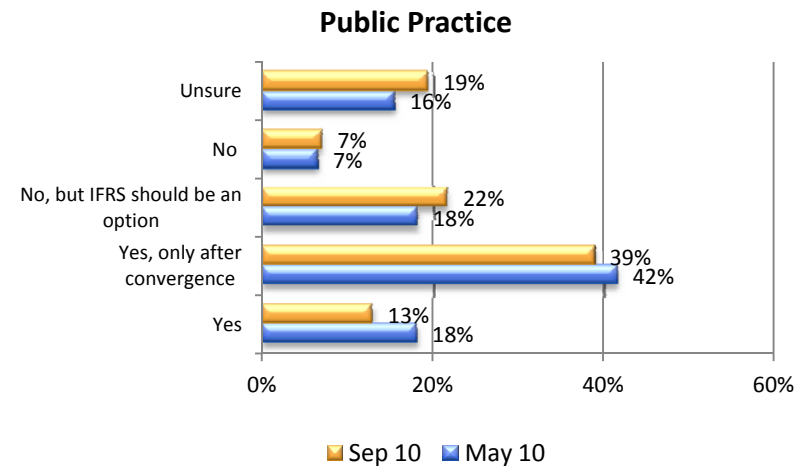
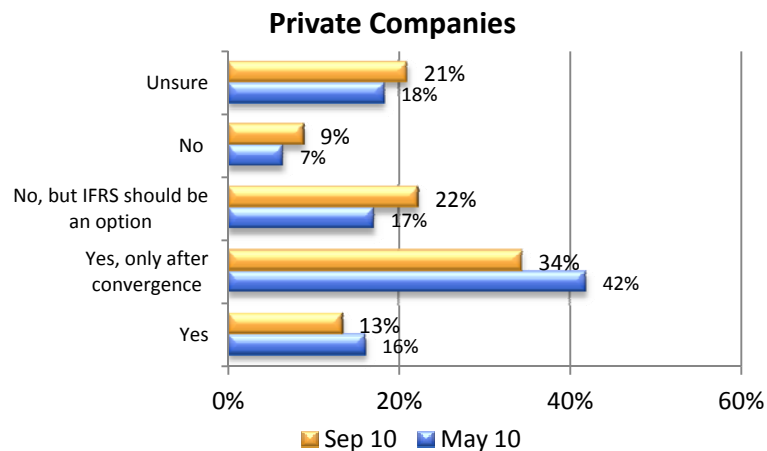
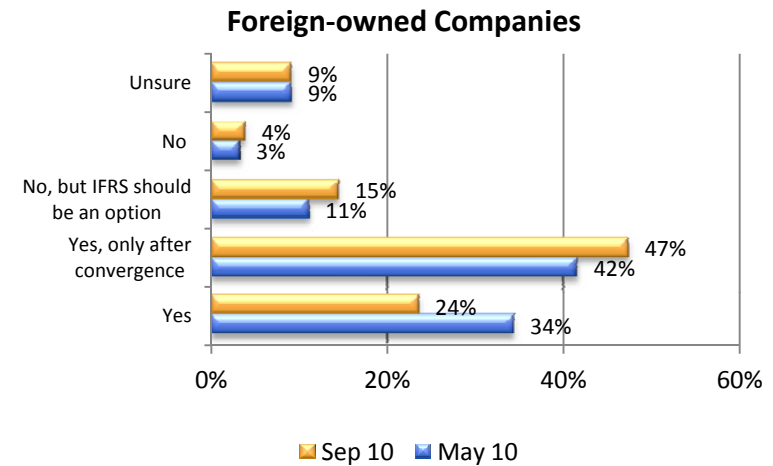
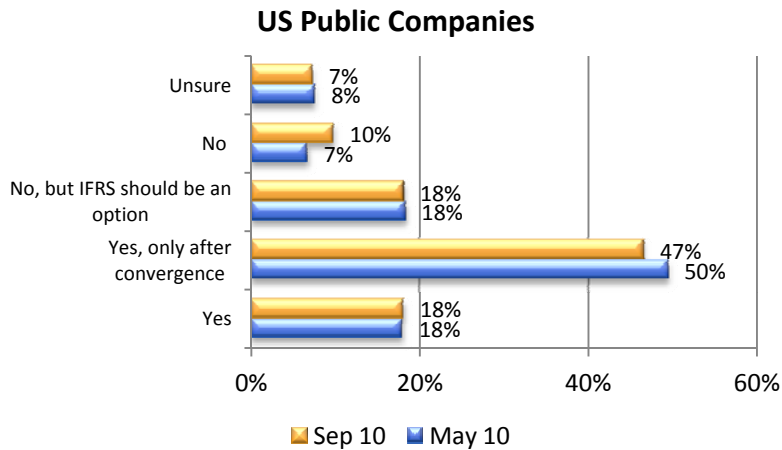


■ Yes
 ■ Yes, but only after more convergence
 ■ No, but IFRS should be an option
 ■ No, IFRS should not be mandated or allowed
 ■ Unsure

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Should the SEC Require Adoption of IFRS?

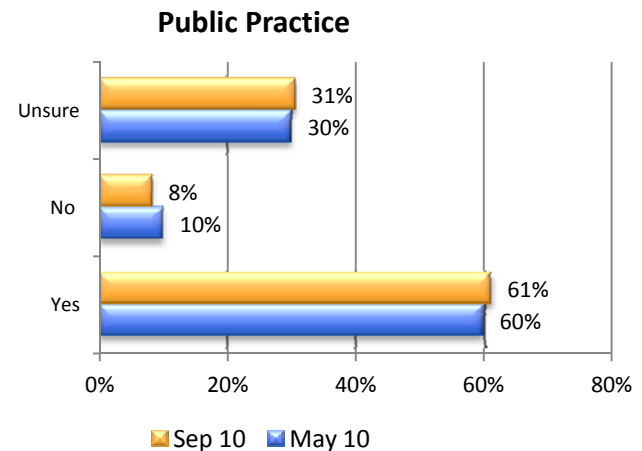
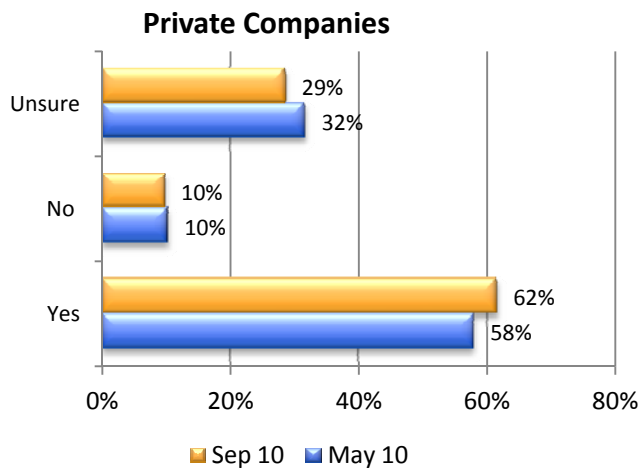
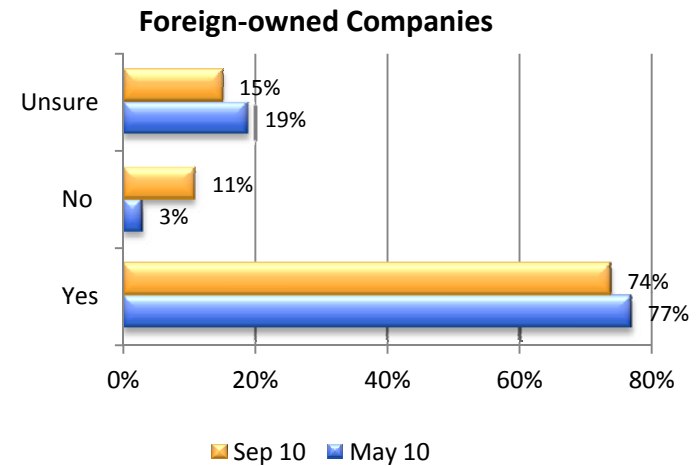
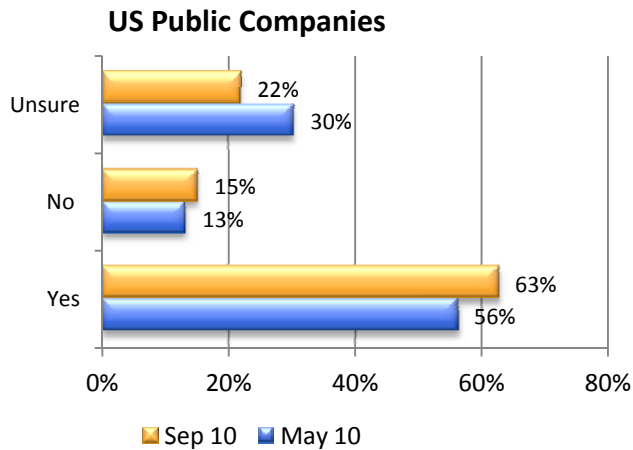
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Does timeline allow enough time for implementation?

If the SEC makes a decision in 2011 to require or permit use of IFRS for public companies, it believes the first time U.S. companies would report under the system would be 2015 or 2016. Do you believe this timeline will allow enough time for implementation?

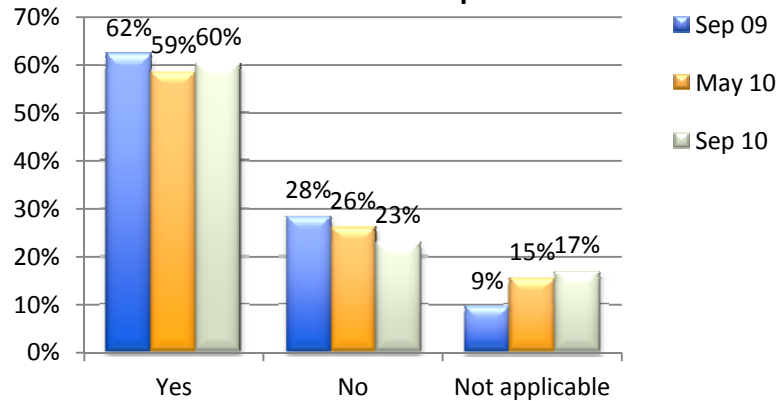


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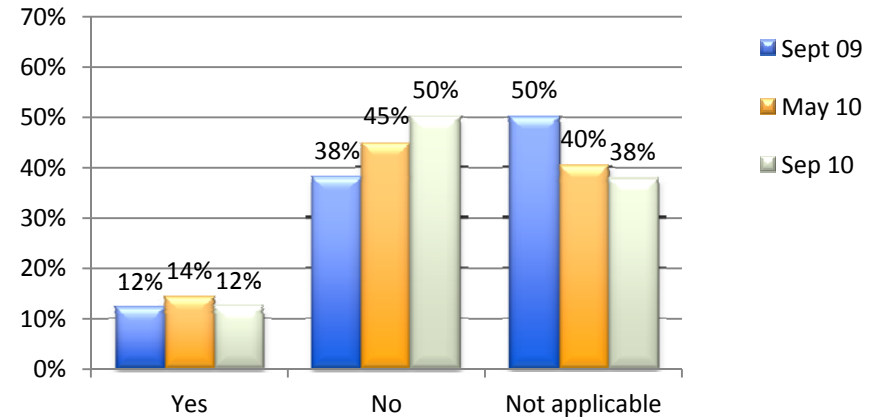
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Are you delaying IFRS preparations until the SEC announces that it will set a date certain for its adoption in the United States?

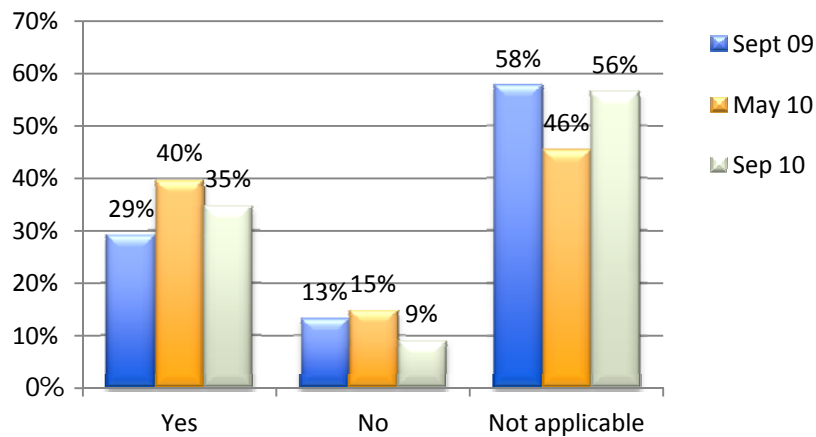
US Public Companies



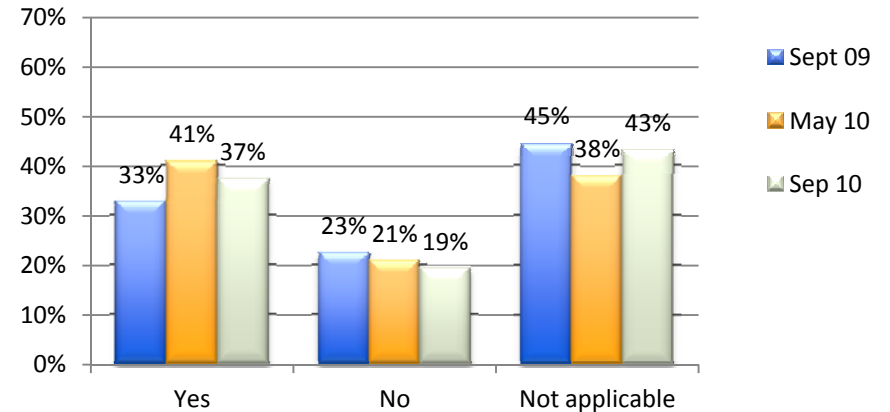
Foreign-owned Companies



US Private Companies



Public Practice

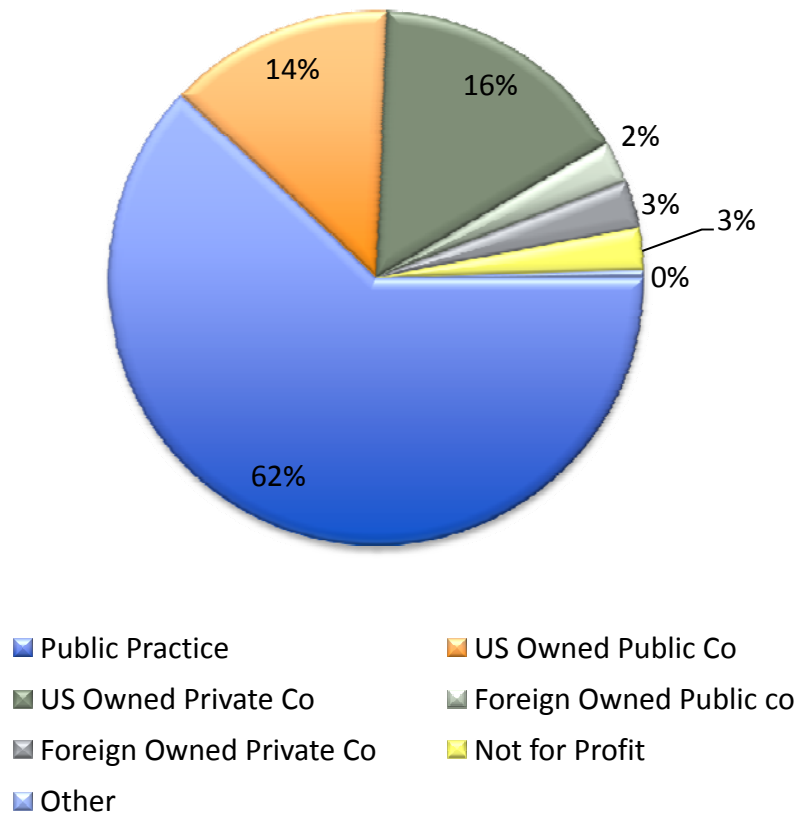


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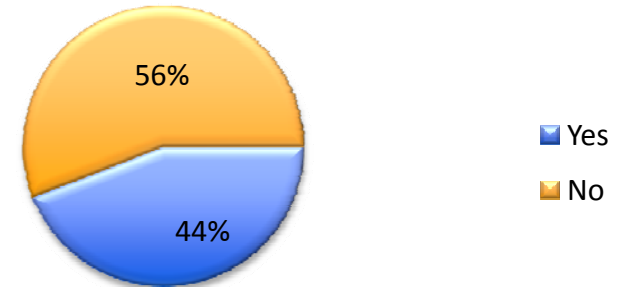
Respondent Demographics

All Members

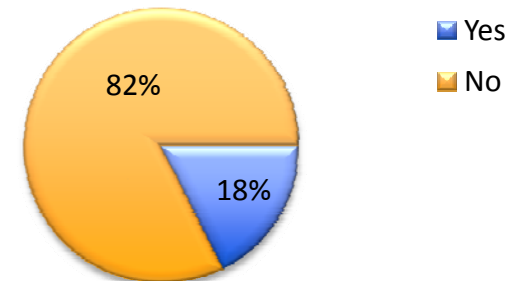
Respondents by Organization Type



Multinational Company (B&I)?



Multinational Firm (PA)?



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